



# TALBOT COUNTY, MARYLAND

FY 2012 BUDGET PUBLIC HEARING  
MAY 3, 2011

FY 2012

General Fund Budget

**\$65,945,000**





# BACKDROP OF BUDGET

FY 2012 BUDGET PUBLIC HEARING

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struggling economy

record-low interest rates,  
record-low returns

Inflation

Japan Quake

Job Shortages

1/1/10 = 9.7%

scant success in jolting the economy

war here, war there

Great Recession

12/31/10 = 9.8%

MD in financial meltdown

disheartened Americans

Real Estate Crisis

High Unemployment

Devastating Oil Spill

biggest rewrite of financial rules since the 1930s

swollen budget deficits

\$1.4B revenue shortfall

fuel prices up 10%

home sales and prices sink further

1 million households foreclosed

22 percent of salaries on food or gas



# BACKDROP OF BUDGET

FY 2012 BUDGET PUBLIC HEARING

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- FY 2012 Budget = \$65,945,000  
*- Cut 8.81% from FY 2011*
- FY 2011 Budget = \$72,316,750  
*- Cut 7.01% from FY 2010*
- FY 2010 Budget = \$77,772,000  
*- Cut 5.16% from FY 2009*
- FY 2009 Budget = \$82,000,000  
*- Cut 4.91% from FY 2008*
- FY 2008 Budget = \$86,234,000





# BACKDROP OF BUDGET

FY 2012 BUDGET PUBLIC HEARING

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Overall reduction  
of **\$20.3 million**  
in the annual  
Talbot County  
Budget in five  
years. That's a  
**23.53% reduction**





# FY 2012 BUDGET HIGHLIGHTS

FY 2012 BUDGET PUBLIC HEARING

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- *\$2,350,000 of reserve funds used*
- *16 full time positions eliminated*
- *No salary increases*
- *Employees pay 15% Healthcare co-pay*
- *No transfers to Capital Projects fund*
- *Reduced funding to each department\**
- *Reduction in public school funding for first time in more than 20 years*



# AVERAGE TALBOT HOUSEHOLD\*

FY 2012 BUDGET PUBLIC HEARING

The *average* household in Talbot Co:

- 2009 Income = **\$57,039**
- 2009 Home Value= **\$330,815**
- **2.34** people












\*FROM THE U.S. CENSUS BUREAU & WWW.CITY-DATA.COM

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# REVENUES

## FY 2012 BUDGET PUBLIC HEARING

	<u>FY 2011 Budget</u>	<u>FY 2012 Proposed</u>	<u>Change</u>
Property Taxes	\$ 28,781,000	\$ 29,713,500	 3.2%
Income Taxes	\$ 22,600,000	\$ 19,000,000	 -15.9%
Other Local Taxes	\$ 7,488,000	\$ 9,938,000	 32.7%
State / Federal Grants	\$ 1,689,677	\$ 1,418,185	 -16.1%
Interest Income	\$ 1,800,000	\$ 600,000	 -66.7%
Transfer from Capital Fund	\$ -	\$ 1,000,000	 -
Prior Year's Fund Balance	\$ 6,986,750	\$ 1,350,000	 -80.7%
Other Operating Revenues	\$ 2,971,323	\$ 2,925,315	 -1.5%
Total	<b>\$ 72,316,750</b>	<b>\$ 65,945,000</b>	 <b>-\$6.4m</b>





# REVENUES

FY 2012 BUDGET PUBLIC HEARING

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- *Property Tax revenues are capped*
- *Income Tax revs are down \$12m from 2009*
- *Interest Income has dropped 66.7%*
- *Local Taxes = 89.0% of Revenues*
- *Cannot continue to rely on reserve balance...we don't do it at home and we CAN'T do it in the County Government*





# FY 2012 BUDGET EFFECT ON AVERAGE TALBOT HOUSEHOLD

FY 2012 BUDGET PUBLIC HEARING

The *average* household in Talbot Co:

2009 Income - **\$57,039**

After deductions, taxable income of  
**\$42,239** means **\$950** in Talbot  
County taxes. **NO CHANGE.**



2009 Home - **\$330,815**

Talbot County property taxes will change to  
**\$1,482**, from **\$1,429**. Increase of **\$52.93**

Recordation Tax up 81.8% = **↑ \$1,786**



# EXPENDITURES

## FY 2012 BUDGET PUBLIC HEARING

	<u>FY 2011 Budget</u>	<u>FY 2012 Proposed</u>	<u>Change</u>
Public Safety	\$ 9,712,978	\$ 9,352,778 ↓	-3.7%
Public Schools	\$ 34,329,542	\$ 32,403,006 ↓	-5.6%
Other County	\$ 25,918,974	\$ 23,529,723 ↓	-9.2%
Transfers Out	\$ 2,355,256	\$ 659,493 ↓	-72.0%
Totals	\$ 72,316,750	\$ 65,945,000 ↓	-\$6.4m



# EXPENDITURES

FY 2012 BUDGET PUBLIC HEARING

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- *County Council priority is to reduce expenses*
- *Department requests down by more than \$1m*
- *These requests were cut an additional \$1.1m*





# EXPENDITURES

FY 2012 BUDGET PUBLIC HEARING

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- *Public Safety – removed 6 vacant positions*
- *State requiring the County to fund an additional \$300,000 for Assessment Office*
- *Landfill operations require \$500,000 expense*





# EXPENDITURES

FY 2012 BUDGET PUBLIC HEARING

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- *County is forced to lay-off employees*
- *8 General Fund positions eliminated*
- *7 additional GF vacancies & 1 Enterprise Fund vacancy abolished*
- *6% of positions eliminated this year*
- *Furloughs throughout the year*



# FY 2012 BUDGET EFFECT ON AVERAGE TALBOT HOUSEHOLD

FY 2012 BUDGET PUBLIC HEARING

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- **Reduced services** – Housing, Liquor Board, Permits & Inspections, Ballfield Maintenance and Health Department are examples of what is cut
- It is difficult to cut **\$6m** and not see a service impact
- **Public Safety** has not been spared







# THE SHRINKING FUND BALANCE

FY 2012 BUDGET PUBLIC HEARING

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<i>General Fund balance (6/30/2010)</i>	<b>\$ 33.0m</b>
<i>FY 2011 appropriation</i>	- \$ 7.5m
<i>Retiree Health (OPEB)</i>	- \$ 9.0m
<i>Emergency ("Rainy Day")</i>	- \$10.4m
<i>Discretionary balance</i>	<b>\$ 6.1m</b>
<i>FY 2012 Budget</i>	- \$ 1.4m
<i>Remaining balance for FY 2013 &amp; Beyond</i>	<b>\$ 4.7m</b>



# BOARD OF EDUCATION

FY 2012 BUDGET PUBLIC HEARING

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*Maryland Public Education:  
Ranked #1 in the Nation  
for the third straight year!*

*The 2011 Quality Counts annual  
report shows Maryland ranking first  
in the nation for a third year in a row!*



# BOARD OF EDUCATION

FY 2012 BUDGET PUBLIC HEARING

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Reduced School funding is **NOT:**

- 1) A reflection on performance
- 2) Meant to be a punishment or punitive
- 3) Desired, wanted or relished

Reduced School funding **IS:**

- 1) Necessary
- 2) A harsh reality, here and around MD
- 3) Proposed with considerable anguish
- 4) Both legal & done with careful concern





# BOARD OF EDUCATION

FY 2012 BUDGET PUBLIC HEARING

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*"The Talbot County Council has submitted a waiver request to the MD State Board of Education to fund Talbot County Public Schools **1.9 million dollars below the legal requirement.** Lowering the 2011-12 County funding will also result in **a loss of \$314,000 in State funding** and will have a lasting impact on TCPS programs and services."\**

*\*Talbot County Public Schools Website*



# BOARD OF EDUCATION

FY 2012 BUDGET PUBLIC HEARING

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*Requested Funding*

*\$37,064,877*

*Current Funding*

*\$34,329,542*

*Declining Enrollment*

*-\$126,536*

*Maintenance of Effort*

*\$34,203,006*

*Required Funding*

*\$31,634,765*

*Proposed Funding*

*\$32,403,006*



# BOARD OF EDUCATION

FY 2012 BUDGET PUBLIC HEARING

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- Maintenance of Effort waiver request
  - Submitted by April 1 deadline
  - Unnecessary, both legally and fiscally
  - Withdrawn by letter dated May 2
- Capital requests have been funded
  - Chapel District water tank repair
  - Moton water heater replacement
- County is funding 1 to 1 Laptop Initiative
- **No other local capital funded County projects**





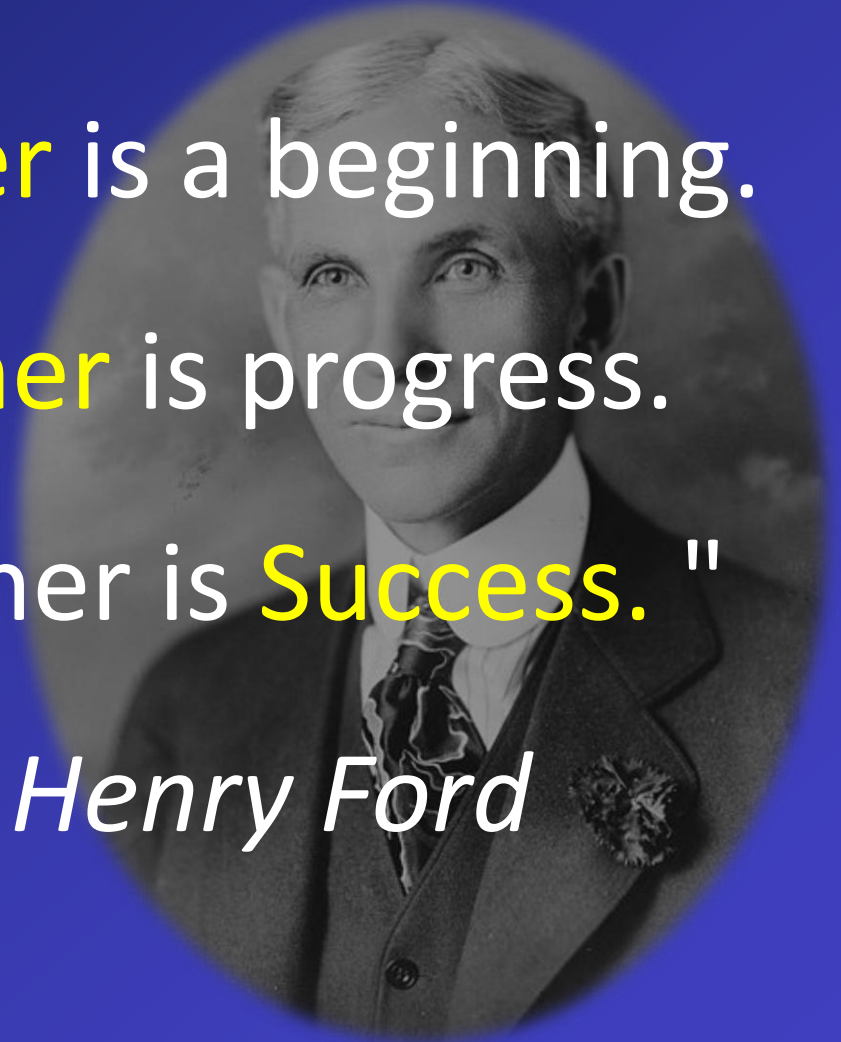
# TALBOT COUNTY, MARYLAND

FY 2012 BUDGET PUBLIC HEARING

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"Coming together is a beginning.  
Keeping together is progress.  
Working together is Success. "

*Henry Ford*





# BUDGET PUBLIC HEARING - RECAP

FY 2012 BUDGET PUBLIC HEARING

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- In 5 years, Talbot has reduced the budget by **\$20m**  
*23.53% reduction in expense budget*
- Revenue growth has ceased –  
*We cannot rely on reserves to fund expenditures*
- Expenses have been reduced –  
*Departmental cuts have been made*
- We have reserves, but they are shrinking –  
*Long term sustainability must be preserved*



# TALBOT COUNTY, MARYLAND

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MAY 3, 2011

*For more  
Information or to  
Offer Comments  
on the  
FY 2012  
Proposed Budget  
(Bill No. 1203)*

*Visit Our Website:  
[www.talbotcountymd.gov](http://www.talbotcountymd.gov)*

